

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA (Integrated) – SEMESTER – 2 • EXAMINATION – WINTER - 2018**

**Subject Code: 2527104****Date: 28/ 12/ 2018****Subject Name: Corporate Accounting (CA)****Time: 2:30 PM To 5:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1 (a)** Explain the differences between Receipts and Payments Account and Income and Expenditure Account. **07**
- (b)** What do you mean by Cash Flow Statement? Explain the differences between Cash Flow Statement and Fund Flow Statement. **07**

- Q.2 (a)** A company offered 1000 equity shares of Rs. 100 each to the public. The amount was payable as follows:- **07**
- A. Rs. 50 on Application (Including Rs. 10 Premium)
  - B. Rs. 30 on Allotment; and
  - C. Rs. 30 on Call.

Applications were received for 3000 shares. Applicants for 1000 shares were not given any allotment and their application money refunded. Rests of the applicants were given pro-rate allotment.

X to whom 100 shares were allotted did not pay any money except that with his application. The issue was completed and rest of the applicants paid their amount when due. Excess Application money adjusted on allotment and calls.

Share of X were forfeited and reissued to Y at Rs. 50 each as fully paid up.

Give the journal entries of above transactions.

- (b)** Give the journal entries with the suitable examples when a Company issues their shares (a) At Par (b) At Premium and (c) At Discount. **07**

**OR**

- (b)** Explain the Followings:- **07**
- Buy Back of Shares                      B. Pro-rata Allotment

- Q.3 (a)** Prepare the Income And Expenditure Account from the following details:- **07**
- Receipts and Payments Account for the year ending 31<sup>st</sup> March 2016**

	Rs.		Rs.
To Balance b/d	20000	By Salaries	30000
To Subscriptions	60000	By Misc. Expenditure	5000
To Furniture	9000	By Balance c/d	54000
	<b>89000</b>		<b>89000</b>

Other Information:-

- (A) Outstanding subscription was Rs. 3000 and subscription received in advance was Rs. 500 on 1<sup>st</sup> April 2015
- (B) Subscription outstanding is Rs. 4000 and subscription received in advance is Rs. 1000 on 31<sup>st</sup> March 2016
- (C) Loss on sale of furniture Rs. 1000
- (D) Salary outstanding was Rs. 2000 on 1<sup>st</sup> April 2015 and salary outstanding is Rs. 2500 on 31<sup>st</sup> March 2016.

- (b)** What journal entries will be passed in each of the following cases for issue and redemption of debenture? **07**

- A. 1000- 7% Debentures of Rs. 100 each issued at Rs. 98 and repayable at par.  
 B. 1000- 7% Debentures of Rs. 100 each issued at par and repayable at Rs. 102  
 C. 1000- 7% Debentures of Rs. 100 each issued at Rs. 98 and repayable at Rs. 102

**OR**

**Q.3 (a)** Following is the trial balance of Mahesh Limited as on 31<sup>st</sup> March 2016

**07**

Particulars	Debit Amount	Credit Amount
Equity Share Capital		300000
12% Preference Share Capital		200000
Reserve fund		150000
Building	500000	
10% Debenture		200000
Plant & Machinery	200000	
Purchases & Sales	250000	600000
Salary	60000	
Debtors & Creditors	230000	175000
Bills	80000	90000
Director's Fees	20000	
Bad Debts	5000	
Returns	15000	20000
Wages	15000	
Opening Stock	45000	
P&L Account 1-04-2015		60000
Loose Tools	60000	
Goodwill	80000	
Discount of issue of shares	20000	
Cash and bank balances	33000	
12% Investments (1-04-2015)	200000	
Interest of Investments		18000
<b>Total</b>	<b>1813000</b>	<b>1813000</b>

**Adjustments:-**

1. Closing Stock is valued at Rs. 140000
2. Outstanding Wages Rs. 2500
3. Debenture interest is outstanding for current year
4. Write off further bad debts Rs. 5000
5. Building and Plant & Machinery to be depreciated by 5% and 10% respectively.
6. Transfer Rs. 25000 to reserve.
7. The director propose 15% dividend to equity shareholders.

You are required to prepare company's Income Statement (P&L) a/c in vertical format with necessary working notes

- (b)** Prepare the Balance Sheet of Mahesh Limited as per the information given in above question (Q.3 (a) ) in Company form with necessary working notes

**07**

**Q.4 (a)** What do you mean by Goodwill? Describe in which circumstances valuation of goodwill is necessary.

**07**

- (b)** X and Y are partners in a firm. The Balance sheet of their business on 31 March 2016 is as follows:-

**07**

**Balance Sheet as on 31<sup>st</sup> March 2016**

Creditors	34000	Cash	10000
General Reserve	50000	Stock	50000
Profit & Loss a/c	18000	Debtors	80000

Capital :- X 110000 Y 83000	193000	Furniture	10000
		Machinery	100000
		Goodwill	45000
	<b>295000</b>		<b>295000</b>

The above business is intended to be purchased by Z. The assets have been revalued as follows: Stock Rs. 55000/-, Furniture Rs.8000/-, Machinery Rs. 150000/-. It has been agreed that provision for bad debts on debtors is to be made @ 5% on debtors in future. Future Rate of depreciation is 5% on Furniture & 15% on Machinery.

The profits of the past five years are like this : 2011-12 Rs. 60000, 2012-13 Rs.50000, 2013-14 Rs.30000, 2014-15 Rs.40000, & 2015-16 Rs. 65000.

The normal rate of profit on average capital employed is 15% p.a. Ignore income tax. Calculate the amount of goodwill on the basis of Actual Average & Super Profit by Capitalization method.

**OR**

**Q.4 (a)** Under what circumstances it become necessary to determine the value of shares of a concern? What points are taken into consideration while determining the value of shares? **07**

**(b)** On the basis of the following information of Jai Shree Ltd. Calculate value of its equity share on the basis of Expected rate of Return Method. **07**

50000 Equity Shares of Rs. 100 each Rs 80 paid up	Rs. 40,00,000
10% Preference Share Capital	Rs. 20,00,000
Profit before Tax	Rs. 65,38,461
Rate of Taxation	35%
Normal Rate of Return	15%

**Q.5 (a)** Explain the meaning and importance of funds flow statement. How funds flow statement is prepared? **07**

**(b)** From the following Balance Sheet of Bharat Company Ltd., prepare statement of change in working capital. **07**

**Balance Sheets of Bharat Company Ltd.**

Liabilities	31/03/15	31/03/16	Assets	31/03/15	31/03/16
Share Capital	500000	500000	Fixed Assets	600000	700000
Debenture	370000	450000	Long-term Investment	200000	100000
Tax payable	77000	43000	Work in Progress	80000	90000
Accounts payable	96000	192000	Stock in trade	150000	225000
Interest payable	37000	45000	Bills Receivables	70000	140000
Dividend payable	50000	35000	Cash	30000	10000
	<b>1130000</b>	<b>1265000</b>		<b>1130000</b>	<b>1265000</b>

**OR**

**Q.5 (a)** Jindal Steel Ltd.'s transactions for the ending March 31, 2016 includes the following:- **07**

1. Purchased real estate for Rs. 500000 which was borrowed from a bank
2. Sold investment securities worth Rs. 600000.
3. Paid dividend Rs. 300000.
4. Issued 500 equity shares for Rs.350000.
5. Purchased machinery and equipments for Rs. 175000.
6. Paid Rs. 750000 towards a bank loan.
7. Accounts receivable outstanding of Rs. 100000 was paid.

8. Accounts payable were increased by Rs. 190000.  
Calculate the net cash flow from (A) Investing and (B) Financing activities

(b) Calculate the Cash flow from operations from the following information

07

Particulars	2014	2015
Debtors	50000	47000
Bills Receivables	10000	12500
Creditors	20000	25000
Bills payable	8000	6000
Outstanding expenses	1000	1200
Prepaid Expenses	800	700
Accrued income	600	750
Income received in advance	300	250
Profit during the year		130000

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